

**DEFEND
AT A GLANCE**

2018/2019

DEFEND INSURANCE GROUP

Just drive.

CONTENTS

4	Foreword
5	Group Profile
6	Our Locations
7	DEFEND Milestones
8	Our Strategy
10	Management Team
12	Insurers & Reinsurers
13	Underwriting Confidence
14	Employee Experience
16	Partner Experience
18	Customer Experience
20	Development & Innovation
22	Product Review
24	GardX Protection
26	Finances & Forecast
28	Compliance Confidence

FOREWORD

Dear ladies and gentlemen, dear business partners,

We are pleased to enclose our report for 2018 as another very successful year of growth and development. We can look back over a record year: number of registered policies rose by 26 percent to 145 450 and the gross written premium also achieved a new record high with € 69.6 million.

Despite the fact that 2018 was marked by many legislative and political changes, we have emerged with record results.

I am particularly delighted that all product segments and regions helped us achieve such an exceptional growth, which we owe foremost to our management and staff and I would like to thank them all.

Furthermore, 2018 was not remarkable for sales results only, but also for all round development of the processes within the company and the innovations we introduced, from which the Group will benefit in the coming years.

With more than 70 people across the region and 6 offices, we were able to finish some major projects across the Group and departments and bring cutting edge solutions to market to further support our growth and provide our clients with the products and services meeting their needs and requirements.

An ultimate testimony on our positive development during the last years is the investment into DEFEND INSURANCE GROUP by a major A-rated US insurer, Fortegra.

Fortegra is a US company with \$1 billion in gross annual sales, \$800 million in written premium and \$1.4 billion in total assets.

They have a wish to move into the European market as a major player in our segment of the business and have established their own European insurance company, Fortegra European Insurance Company Ltd, in Malta with a European Head Office in London.

This move establishes DEFEND INSURANCE GROUP as a long term player in the market with considerable financial and insurance backing, and represents an exciting development for DEFEND INSURANCE GROUP.

All partners should welcome the many new opportunities for the business as we look to the future.

Sincerely,



Andrew Quirke
Managing Director





GROUP PROFILE

Our mission is to exceed expectations by developing and delivering market leading products and services that customers recommend to their family; partners prefer for their customers, and employees are proud of. We provide innovative solutions that contribute significantly to customer satisfaction and their loyalty towards our partners.

We strive to facilitate the security of our customers and to bring profit to our partners by providing a full range of highly competitive products and services, which cover all main market segments.

Our Group involves companies which mutually complement its product portfolio, capable of offering complete services across the CEE region and the United Kingdom in the key areas that concern the automotive industry:

- **Insurance**
- **Protection**
- **Safety**
- **Digital merchandising**

DEFEND INSURANCE GROUP has recorded remarkable growth during the past years, from a local company to one of the leading specialty insurance providers we are today, with focus on GAP insurance, extended warranties, S.M.A.R.T. and MOT insurance.

As we are constantly looking for new opportunities and improvements, we need to have the right partners along the road.

DEFEND is fortunate to work with strong partner insurers and reinsurers who are fully supportive and confident in our direction and future and you can find out more about them on page 7.

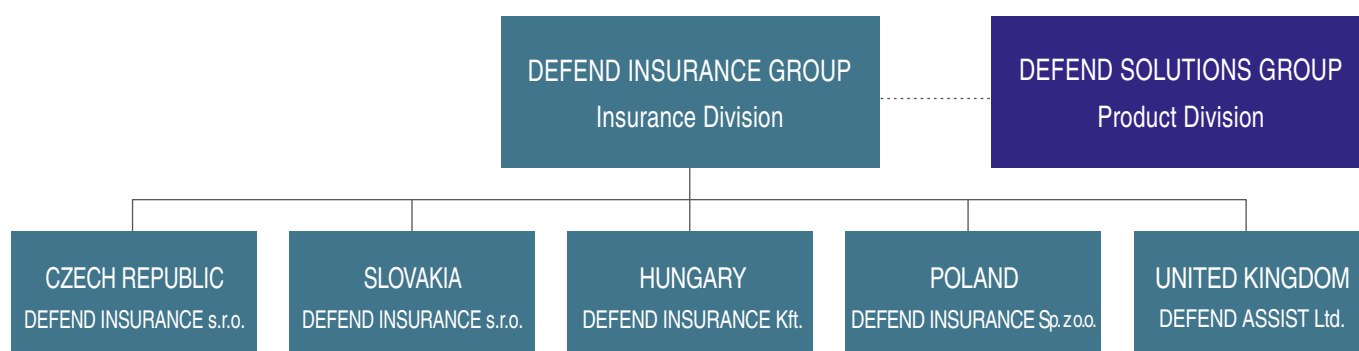
We also value our partner network and the important role it plays in supporting our development by providing an access to diverse customers across all markets.

We are now able to reach the end customer through cooperation with more than 3 500 automotive dealers, 340 independent brokers and almost 50 fleet and leasing management companies, which represents 144% year-on-year growth in our partner network.

With our solid base together with our new investor, the outlook for 2019 and beyond is more than exciting as we look forward to further growth, strengthening our position as the leading provider of insurance services in the automotive sector in the region.

A huge benefit in providing and managing complex product portfolio, is our operating company DEFEND SOLUTIONS GROUP, which is gathering steam from developing a strong partnership with British market leader GardX International Ltd.

DEFEND SOLUTIONS GROUP successfully launched GardX award-winning vehicle protection system in the CEE region, together with merchandising platform DEFEND SpinCar. These two solutions brought to our partners and their clients additional benefits, opening new opportunities.



OUR LOCATIONS

DEFEND INSURANCE GROUP companies are incorporated in five countries with six offices across CEE market - in the Czech Republic, Slovakia, Hungary, Poland and in the UK.



Headquarter - Czech Republic
DEFEND INSURANCE HOLDING s.r.o.
Rožtylská 1860/1
148 00 Prague
Czech Republic

Administrative Office - Czechia
DEFEND INSURANCE s.r.o.
Spáčilova 569
767 01 Kroměříž
Czech Republic

Sales Support Office - Poland
DEFEND INSURANCE Sp. z o.o.
ul. Ligocka 103
40-568 Katowice
Poland

Poland
DEFEND INSURANCE Sp. z o.o.
ul. Bonifraterska 17
00-203 Warsaw
Poland

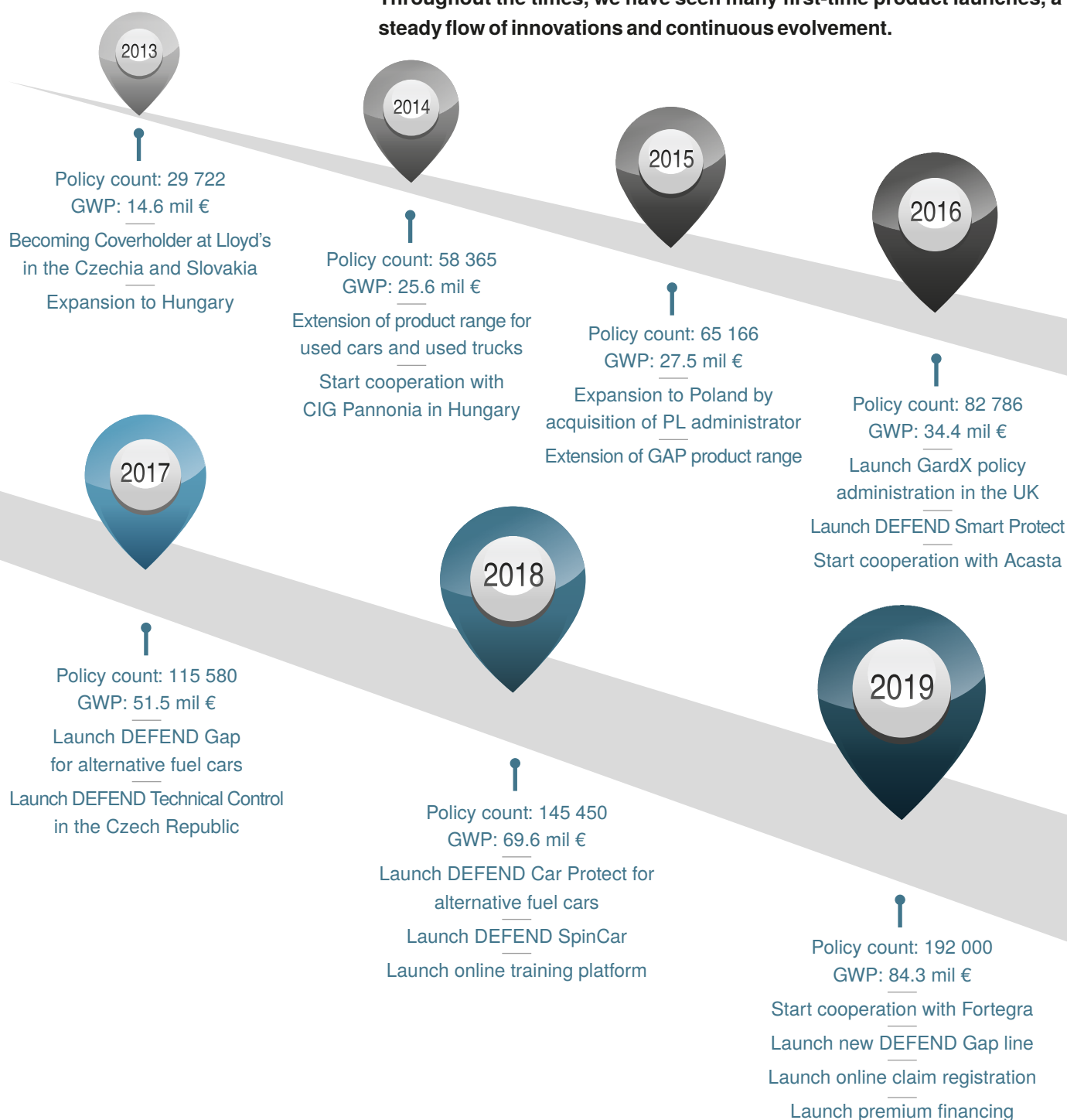
Slovakia
DEFEND INSURANCE s.r.o.
Pribinova 4
811 09 Bratislava
Slovakia

Hungary
DEFEND INSURANCE Kft.
Rákóczi út 42.
1072 Budapest
Hungary

United Kingdom
DEFEND ASSIST Ltd.
8 Huxley Drive
SK7 2PH Stockport - Bramhall
United Kingdom

DEFEND MILESTONES

Historical milestones and a variety of achievements characterize our journey from a local company to the strong player we are today. Throughout the times, we have seen many first-time product launches, a steady flow of innovations and continuous evolution.



OUR STRATEGY

Our strategy has driven the success and growth of DEFEND in recent years, taking advantage of our past and expected promising future. This strategy is based on seamless adaptation to a dynamic environment, but at the same time has roots in strong values and stable long-term vision.

Our policy, maintained over the years, places us in position as a financially stable and respected brand, also acknowledged as a solid partner.

DEFEND strength consists of a dedicated team, supporting insurers, effective solutions, excellent services, reliable partners and loyal customers.

THE KEY PILLARS OF OUR STRATEGY

Focused management team

The management team is integral to the success of DEFEND.

It consists of industry's leading executives, each bringing their experience and perspective to the strategic development of our company.

They are committed to the highest standards of corporate governance and oversee management as well as the day-to-day work to ensure the right direction of our company for the further growth.

Dedicated employees

Investing in the development of our employees allow us to deliver more satisfying product and solutions.

In DEFEND we put emphasis in providing our employees with friendly working environment and the opportunity to grow personally and professionally to benefit both, customers and team members.

Supporting insurers

We are proud to work with some of the leading insurers, who allow us to be always one step ahead and in many ways lead the direction of the market, bringing innovative solutions to the needs of our customers.

They also provide peace of mind to customers that at times of stress, will still be there to settle claims quickly and efficiently.

Effective solutions

DEFEND is focused on delivering solutions that will exceed expectations and create new standards on the market.

We are open to listen to our customers needs, follow the development of new technologies and quickly adjust to current demands.

Over the years we also maintain careful risk assessment and comprehensive claims management to ensure full adherence to regulator requirements.

Excellent customer service

Our main purpose is to help the customers at a stressful times.



OUR STRATEGY

Thus, we pay great attention to our customer service, which represents both the first and last stage of the whole insurance process and plays an important role in building positive experience.

Reliable Partners

Our partners network consists of major market players, together with local businesses.

This results in our presence in different areas of the market, giving us access to diverse customers and expanding our influence.

We provide their staff with cooperative management able to provide essential information and support and our e-learning platform gives them opportunity to access our knowledge and solutions in the most user-friendly way.

Valued loyal customers

The loyalty and trust of our customers is what we strive to achieve. In reaching this goal, we reinforce the benefits of our strategy.

Only thanks to them can we continue our growth and future development.



MANAGEMENT TEAM

Wise leadership and in-depth industry knowledge are the essential principles to succeed in any business. Our management team each day oversees daily challenges at pace in providing groundbreaking solutions and the finest service; maintaining corporate identity in all aspects, and building unique workplace, that everyone can be proud of and enjoy.

DIRECTORS

Andrew Quirke
 Managing Director

Andrew has over 25 years' experience in automotive insurance companies. He co-founded DEFEND INSURANCE GROUP in 2012 and since then he is responsible for strategy and executive management of DIG and DSG as well as leading the Group's sales team.



Allan LaGrange
 Underwriting Director

Allan has almost 30 years' experience in the insurance industry with a focus on automotive special risks. He co-founded DEFEND INSURANCE GROUP and is responsible for the Group's underwriting and insurance strategy as well as cooperation with partner insurers.



Pavel Tempír
 Technology Director

Pavel has over 15 years' experience with IT systems, data mining and analysis. He co-founded DIG and is in charge of IT and systems at DEFEND especially leading MIS and web based policy administration system development as well as managing new systems initiatives.



DIVISIONAL MANAGERS

Miroslava Izáková
 Finance Manager

Miroslava has almost 20 years' experience in finance and reporting in insurance companies. She joined DEFEND in 2016 and currently supervises financial position for all Group's companies across the region.



Kateřina Písařiková
 Marketing Manager

Kateřina has more than 7 years' experience with marketing and graphic design. She joined DEFEND in 2015 and currently manages the Group's marketing activities and communication and creates strategy for all products.



Lenka Zlatníková
 System Manager

Lenka has more than 15 years' experience with administration and systems. She joined DEFEND in 2013 and currently is responsible for processes connected with policies administration and leading admin team in Kroměříž.



Jiří Voborník
 Claims Manager

Jiří has almost 15 years' experience with claims handling and repairs shop management. He joined DEFEND in 2013 and currently he oversees the day to day claims operation and leads claims team.



Mariam Gulbani
 Compliance Manager

Mariam has more than 6 years' experience with compliance and legal consulting. She joined DEFEND in 2017 and currently supervises areas of Contract management & certainty and Compliance and is a lead person for GDPR matters.



Vojtěch Růžička
 Reporting Manager

Vojtěch has more than 8 years' experience with data analysis and reporting. He joined DEFEND in 2015 and currently is responsible for partner, management, insurer and regulatory reporting and for maintaining data quality.



COUNTRY MANAGERS

With responsibility for operational management moving closer to field activities, our country managers are responsible for the development and strengthening of DEFEND brand on their local markets.

They have management experience and strong affinity for business development and sales.

Gabriela Motejzík
Country Manager CZ

Gabriela has almost 15 years' experience in sales and key account management. She joined DEFEND in 2013 and is responsible for sales of DIG & DSG products in CR and leading the sales team.



Carine Osusky
Country Manager UK

Carine has more than 10 years' experience in client relationship and operations management. She joined DEFEND in 2017 and is responsible for DIG operations in the UK market and leading the claims team.



Oliver Kiss
Country Manager SK

Oliver has over 20 years' experience in sales, business development and asset financing. He joined DEFEND in 2019 and currently is responsible for strategy and sales of DIG & DSG products in SR and leads the country sales team.



Emília Nagy
Country Manager HU

Emília has over 15 years' experience in key account management and asset financing. She joined DEFEND in 2017 and currently is responsible for strategy and sales of DIG products in HU and leads the country sales team.



Tomasz Oszczepalski
Country Manager PL

Tomasz has 15 years' experience in car insurance, customer care and sales. He joined DEFEND in 2016 and currently is responsible for strategy and sales of DIG products in PL and leads the country sales team.



INSURERS & REINSURERS

Our insurer and reinsurer partners help us leverage our deep consumer insights to stay at the forefront of the fast-paced automotive market.

With comprehensive industry and business knowledge, they can help us build and implement solutions that best fit our strategic and development needs and drive more innovation.

We are fortunate to work with partners who are fully supportive and confident in our direction and future.

Together with our deep knowledge of local markets and detailed customer understanding, we are delivering to our customers a local presence with a global feel.

Three of DEFEND INSURANCE GROUP companies are Coverholders at Lloyd's - ultimate testimony as to how extraordinary our products and services are.

Apart from Lloyd's Brussels we are closely cooperating with CIG Pannónia and Acasta European Insurance, backed by Newline Group and Lloyd's respectively.

To further evolve and support our growth we are continuing to expand our portfolio of insurers.

Big milestone for our Group and future success is start of cooperation with Fortegra from 07/2019, a major A-rated US insurer. You can read more about Fortegra in the right box.

L Lloyd's Insurance Company S.A.
 Lloyd's Brussels is Lloyd's first Europe wide operation, established to bring the scale, expertise and capacity of the world's specialist insurance market closer to its customers in Europe through a locally staffed and regulated insurer.

CIG Pannónia Első Magyar Általános Biztosító Zrt.
 CIG Pannónia is an insurance company which has successfully grown and today enjoys a respectable position in the market. In 2010 the company went successfully public and is now registered on the Budapest Stock Exchange.

Acasta European Insurance Company Limited
 Acasta European Insurance Company Limited is a dynamic and responsive insurer that offers a wide range of insurance products, underwriting capacity and a flexible and inovative approach throughout Europe since 2012.

Newline Group
 Newline Group is a market leading specialty insurance group headquartered in London, operating through two underwriting platforms: Newline Syndicate 1218 at Lloyd's and Newline Insurance Company Limited.



As part of our commitment we are continuously evolving.

To further support our development, DEFEND is happy to announce new partnership with Fortegra Europe Insurance Company Ltd on two levels - taking a majority share in DEFEND, and the opportunity to underwrite its products, both representing an exciting opportunity.

Partnership

Fortegra has the experience to push the boundaries further around the globe.

In establishing this strong partnership, the marriage will enrich both parties, helping Fortegra to move into the European market, while providing DEFEND with powerful support, insurance backing and long-term financial stability.

It enables both to stay on top in such a competitive market, efficiently delivering breakthrough innovations to satisfy changing customer demand.

Aligned product portfolios

A key to maximizing the success is to ensure that portfolio decisions are driven by long-term business and product strategy.

The alignment of product portfolios and sharing of the same vision significantly contributes to our strengthening future.



UNDERWRITING CONFIDENCE

2018 and 1st Quarter 2019 were marked by more legislative and political changes than any business should reasonably be expected to face in such a short time period.

Implementation of the new European General Data Protection Regulation (GDPR), adoption of the IDD (Insurance Distribution Directive) in all EU member states and renegotiation of our three main binding authorities to move to Lloyd's Brussels to accommodate the Brexit plan were three of the challenges that demanded our attention and resources for much of the past 15 months.

In spite of these significant challenges, we've emerged from 2018 much stronger, with better, modernized products and contracts and more professional documentation - a base we can now build on to develop the business going forward.

Our market is changing, becoming more focussed on efficiency; on customer outcomes, consumer rights and fairness in product suitability, design and performance. We are now uniquely positioned to lead the way in our sector.

Underwriting results continue to improve and stabilize with steady increases in the volumes of business. Loss ratios remain consistent and with

the 2018 implementation of the MI database with Tableau® as a front-end reporting tool, our ability to measure and detect trends to enable us to react quickly and manage performance has greatly improved.

Congratulations are in order for all departments on the successful conclusion of our 2018 Czech and Slovak Lloyd's binding authority audits.

Our longstanding underwriting relationships are built on their trust in us to manage professionally the business, and each positive audit result reinforces that confidence. Our thanks go out to all who participated for a job well-done.

EMPLOYEE EXPERIENCE

Our mission drives us to expand our potential, giving us the best chance to thrive in this competitive environment. We start with the core element - building an experienced and diverse global team which manages all major areas of our business and creates ground-breaking innovative products and services.

More than 70 people throughout the region work hard every day to make DEFEND the most respected specialty insurance brand in CEE. We value the contribution of each employee, caring about their well-being and providing them access to the right development in support of their career objectives.

Attracting and retaining talent

Our employees are the heart of our business. Thus, we need to be able to attract and retain talented, skilled and motivated individuals.

The collective sense of shared endeavour that has helped us do lots of things a little better than our competitors, has been a key reason for our success.

Our growing HR department is also an invaluable support, enhancing an employee's experience while providing the bedrock for company growth.

Diversity

A diverse workforce can provide the different perspectives, innovative ideas and creativity we need to ensure long-term success.

With various minds working together, along with their in-depth industry knowledge, we are able to deliver the unique solutions.

We are proud to work with talented people from 14 countries, with

women representing 61% of the total workforce and 50% of the management.

We also cherish the variety of age diversity, with age range of 20 to 60 years, creating a dynamic team with larger spectrum of knowledge.

Communication

Communication is vital to our ability to operate smoothly. Therefore, we aim not only to guarantee intense downward communication, but also to create a safe space for open dialogue to ensure people are heard.

Recently, we launched quarterly anonymous feedback survey, empowering people to raise their concerns, share their ideas or even spread a kind word of what they have appreciated.

Positive work-life balance

While forming an environment in which employees can work efficiently, we are also engaging in a wide range of efforts to help our employees achieve positive work-life balance.



EMPLOYEE EXPERIENCE

DEFEND operates various programmes for employees to elevate their standard of living as we believe that their happiness, both personally and professionally, leads to stronger business performance.

In addition to home office and flexible working schedules available for positions where it is possible, we are planning to introduce 5 weeks of holiday for everyone in 2020.

Multisport programme launched in 2017 is enjoying a great acclaim and to continue on our path, we came up with office yoga classes last year to reduce the stress on a body and mind while at the office.

Fun

DEFEND strives to create the best employee experience. We are glad that even after a whole day together in

the office people are still willing to unite stronger bond with their colleagues. Going out together, not only shapes better relations, but also helps to communicate in more open way, builds a trust and inspires collaboration back in the office.

Education and training

Training represents a core part of our complex HR development system and an essential part of our success.

Our e-learning platform is a comprehensive tool, corresponding to the needs of modern training methods, designed to deliver high-quality online training for all employees and partners.

We have also launched English and Czech classes as we are aware that effective communication can mean the difference between success or failure.

Efficient Environment

An important step in our effort was to improve internal IT services allowing our employees to work in a more efficient environment with less technical interruptions and in-house training to use our platforms to their full potential.

We also improved some processes which will allow us to implement future changes in a much more efficient way.

Reward and Recognition

We are aware our people need to feel valued in our company.

Therefore we do acknowledge them for being great at what they do by simple saying 'thank you' or rewarding them for their achievements also based on performance review system.



PARTNER EXPERIENCE

Our business is based on cooperation with our like-minded business partners, who share our values and vision. In each country, we partner with a network of car dealers, brokers, fleet and leasing managements, to ensure our customers have convenient access to our products.

DEFEND works alongside our partners to make sure they understand not only what our products are, but also how they are best suited for the customer's needs. Our extensive support program, local field account managers, and other experts provide them with the knowledge and tools they need to help customers optimize the benefits from our products.

Increasing dealer profit

By consistently delivering high-quality products and services and staying on top of trends, we give our partners a significant opportunity to build customer loyalty and increase profit.

Training and Support

Customer commitment is one of our core values. Our comprehensive training and support program ensures all partners are aware of our expectations towards both customer approach and business goals.

Nevertheless, our work does not end with launching the product. We are always reviewing performance of each partner and looking for areas to improve.

Communication

To support our healthy business partnerships and ensure we are on the same page, honest and effective two-way communication is key.

We remain grateful to our partners for sharing their experiences and suggestions. At the same time we strive to provide them with regular news and important information.

Campaigns and competitions

At DEFEND, we are always looking for ways to motivate our partners and reward them for a job well done.

Besides our regular campaigns and competitions, we would like to spend more time with our partners, deepen the relationships and enjoy some fun together. Thus, we have committed ourselves to spend more time in each region and organize events throughout the year.

Reporting

Our and our partners' ability to measure and manage performance has greatly improved with the implementation of the MI database with Tableau® as a front-end reporting tool.

Together with the implementation of Multicash, we are able to pay commissions or insurance benefits swiftly.

It enhanced the process also for the customers, getting their claims and refunds faster, increasing customer satisfaction and their loyalty back towards our partners.



PARTNER EXPERIENCE

Systems and IT

Implementation of the GDPR, adoption of the IDD and changes in our main binding authorities related to Brexit have been one of the biggest challenges for our Systems and IT departments of the last few years.

Whilst we implemented all those changes and also deepened functionality of our core system iDEFEND, we are pleased the transition was smooth and transparent to our partners.

Marketing

Marketing is a lot more than just advertising for us. It means understanding our partners and customers to make their business or lives better and easier.

In the same way we respect the diverse range of needs of our customers, we appreciate varied needs of our partners.

In 2018, tailor-made products represented 52% of our business, both in terms of branding or adjusted coverage, which allow our partners to differentiate their offering from the competition.

We are also happy to be able to assist in improving dealer online presentation providing useful marketing support and above all, our comprehensive interactive suite DEFEND SpinCar with 360° vehicle spins.

DEFEND Car Protect CRYSTAL

Kupujete vozidlo a bojíte sa pripadných poruch či dráhových oprav po skončení záruky výrobcu?

Kupujete vozidlo a bojíte sa pripadných poruch či dráhových oprav po skončení záruky výrobcu?

Kupujete vozidlo a bojíte sa pripadných poruch či dráhových oprav po skončení záruky výrobcu?

DEFEND Car Protect CRYSTAL Vám poskytuje:

- Mäť a ponosť, ktoré sú súčasťou záruky výrobcu.
- Vyššie náklady na opravu vozidla, ktoré vzniknú po skončení záruky výrobcu.
- Úhradu nákladov na opravu vozidla, ktoré vzniknú po skončení záruky výrobcu.

DEFEND Gap MINI

Chráňte sa pred stratou hodnoty vozidla, akýkoľvek časť vozidla poškodíte.

Požiadajte DEFEND Gap MINI, aby ste sa pripravili na prípadnú stratu hodnoty vozidla, akýkoľvek časť vozidla poškodíte.

DEFEND Gap MINI je najlepší voľbou, pretože:

- Nemusíte hradiť poškodenie.
- Uvoľníte sa od rizika, že vozidlo bude mať nižšiu hodnotu.
- Chcete mať istotu, že v prípade straty vozidla alebo jeho časti budete mať dostatok peňazí na kúpu nového vozidla.
- Strata je rýchlo a jednoducho ľahko poistená.

DEFEND INSURANCE SERVICE

Záruka na ojeté vozidlá až 36 mesiaců

Nechte Vaše starosti na nás... **DAVY CAR**

DEFEND INSURANCE SERVICE

Záruka na ojeté vozidlá až 36 mesiaců

Nechte Vaše starosti na nás... **DAVY CAR**

DEFEND INSURANCE SERVICE

Záruka na ojeté vozidlá až 36 mesiaců

Nechte Vaše starosti na nás... **DAVY CAR**

DEFEND INSURANCE SERVICE

Záruka na ojeté vozidlá až 36 mesiaců

Nechte Vaše starosti na nás... **DAVY CAR**

DEFEND INSURANCE SERVICE

Unique Risks for Unique Markets

GARANCIA AKÁR 36 HONAPRA

ANCI A ÖVÁRI GARANCIA MÁR NEM ÉRVÉNYES, OTT ÉLETBÉ LÉP A KITERJESZETT GARANCIA.

DEFEND Gap MAX

12 MÉSICŰ ZÁRUKA NA MECHANICKY STAV VOZU

3 500 Kč

12 MÉSICŰ ZÁRUKA NA MECHANICKY STAV VOZU

3 500 Kč

DEFEND INSURANCE SERVICE

Unique Risks for Unique Markets

CUSTOMER EXPERIENCE

As a company which is involved in customers lives, we appreciate the importance of providing care and support. In DEFEND we put people's concern as a priority, to make sure that the main pillar of our mission is always fulfilled.

One of the most important things for us is positive experience learnt from the very first contact with a brand. For that reason we created customer-focused training for our employees, to emphasize the full meaning of all customers' needs.

Peace of mind

Thousands of customers from CEE countries rely on our products and we are grateful for this trust, although it comes with great responsibility and duty.

DEFEND is more than just a company, it is a guarantee of peace of mind and support to all whom decided to confide in our brand.

Our Products

We are aware that our products are a contribution to everyday life, so we focus on their functional and flexible aspects.

Our portfolio represents our philosophy and provides a wide range of comprehensive and market relevant products.

As part of our efforts to achieve success, we have revised our Terms & Conditions, so our customer can now enjoy improved coverage and claim limits together with adjusted eligibility criteria to suit any customer needs and 99% of vehicles.

We also draw conclusions from our customers' feedback, constantly working on delivering better solutions for them.

Our policies

DEFEND satisfies all legal requirements of local regulators whilst fulfilling its obligations to all insurers.

We want to be sure that all our stakeholders follow the rule of treating customers fairly. To emphasize this we provide them with trainings, helpful materials and on-going support.

Clear Terms and Conditions

We believe in clear and honest communication in every area of our operation.

Together with a revision of all policy wordings, we have also invested considerable time in redesigning them to give them a fresh look, which contributes to better customer orientation and readability.

Customer service

Thanks to our multinational team, we are able to provide responsive and professional customer service.

We have continued to improve our services also from technical aspects. We introduced new phone lines with faster and more precise redirection



CUSTOMER EXPERIENCE

to the right line, resulting in shorter time of standby in case of a priority situation.

In Q3 2018, we launched new websites with a streamlined user interface where everyone can easily find all the information about us, our products and services. At the same time we introduced user-friendly online chat, which customers may use at any convenient time.

Value for time and money

Our quick and effective claims settlement, is integral to our drive for customer satisfaction.

Thus, we provide them, beside excellent products, also with professional claim handling service.

A key milestone of our development is the online claim registration feature. Our partners will have an opportunity to register a claim online, track its current status and inform clients about the progress straight away.

In 2018 we handled more than 10 800 claims within 5 countries with over two thirds approval rate. All approved claims were processed quickly with 70% of them paid within 1-6 days.



DEVELOPMENT & INNOVATION

Maintaining innovation and a competitive edge is challenging. Today's businesses are expected to evolve as quickly as the markets they serve, efficiently delivering breakthrough solutions to satisfy changing customer needs.

Thanks to our flexibility and deep market knowledge, we are well positioned to be one of the leaders and catalysts for innovations.

Employee wellbeing

To increase wellbeing, efficiency and ability to recruit the right people to move the business forward, we have moved our office in Katowice and from Holešov to Kroměříž.

To further optimize our recruiting efforts, we have launched new career pages, which have significantly improved response rate, giving us more applicants to choose from.

Product developments

Our continuous product development together with efficient launch process are our competitive advantages, helping us develop the right products quickly and get them out into the marketplace at the right time.

From 2019, we have revised all wordings to increase the coverage and claims limits as well as extend the eligibility.

Our extended warranty DEFEND Car Protect can be now concluded with CNG/LPG extended coverage and we have also launched DEFEND Truck Protect and DEFEND Gap Truck programmes for commercial vehicles and trucks.

Later in 2019, we will also launch extended warranty DEFEND Car Protect e-ADVANTAGE for electric cars to further support environmental sustainability.

In regard to GAP insurance, we have launched DEFEND Gap +1 and DEFEND Gap +2 programmes.

Both enable our partners to conclude the insurance for cars with one or two-year policy for free, which comes together with leasing package, with the original purchase price accepted.

Additionally, to meet the needs of our customers and partners, we put our efforts towards products which are not related to vehicle purchase.

Starting with DEFEND Gap, we will launch a new line, which will enable customers to conclude it anytime with truly innovative approach to calculating insurance benefits, disregarding the purchase price.

Customers could choose their desired fixed amount of insurance benefits, which will be granted in the case of total loss or theft.



DEVELOPMENT & INNOVATION

System developments

We have fully implemented Multicash. This offers quicker and more efficient payments management across multiple banks and countries.

Our policy registration system iDEFEND have seen further development of their functionality.

Together with launching electronic signatures and delivering all insurance documentation to our clients electronically, it offers multiple claim limits for DEFEND Gap products, password protecting all outgoing documentation containing personal data or disclosing partner's commission more clearly.

The new enhancements of system capabilities in numbers:

System Administration	New in 2018
Rate Tables	48
Commission Schemes	79
Document Templates	570
Branded Docs Schemes	43
Reports Generated	42 949

Our further development endeavour is inherently worthwhile and in the heart of our long-term strategy.

The main goals for 2019 contains developments that will benefit all stakeholders - employees, partners and customers.

To exploit further MI database with Tableau®, we are focusing on delivering solutions to our sales department, which will allow them to check all business relevant data together with budget comparison. Based on real-time connection with user-friendly access from phone, this will enable our team to look at it anytime and anywhere.

In Q3 we are planning to launch online warranty claims registration by partners, which will streamline the process while maintaining high standard of claim assessment.

By the end of 2019 we will launch premium financing, allowing our clients to use monthly or annual instalments of insurance premium paid by card.

With additional 25 new people recruited and our business growing at double-digit percentage rates from year to year, it is clear that development is our competitive advantage and we will do our best to further build on it.



WARRANTY REVIEW

DEFEND
Car Protect

Whilst we are constantly looking for innovative products, we never lose sight of the basics.

Buying a car is one of our most important financial decisions and it is necessary to consider not only the initial investment but also the risk of potential additional cost on car repairs.

Extended warranty covers mechanical, electrical and electronical breakdown of vehicles caused by failure of covered components.

Our DEFEND Car Protect programmes for new and used vehicles have reached a level of excellence with unparalleled eligibility criteria at inception, claims limits and competitive rates.

We also have DEFEND Truck Protect for commercial vehicles and trucks.

All our programmes can be tailored to suit our partners' needs and branded.

DEFEND
Smart Protect

There are extra forms of cover for the vehicles that offer additional peace of mind and flexibility.

DEFEND S.M.A.R.T. Protect insurance covers minor cosmetic damages.

It can help to keep the car in pristine condition free from the inevitable chips, dents, scratches and scuffs caused by everyday motoring, with just one low cost premium.

„Small & Medium Accident Repair Technology” insurance is especially useful for protecting vehicle's re-sale value and safeguard driver's no-claims bonus.

The programme can be tailored to suit our partners' needs and branded.

DEFEND
Technical Control

An amazing tool to aid customer retention and ease their worries about additional expenses.

Our newest product line is MOT insurance DEFEND Technical Control.

It covers the cost of repairs or replacements of the covered parts being cited on a notification of refusal to issue an MOT certificate.

While motoring expenses are on the rise, DEFEND Technical Control covers many of the most common causes of MOT failure and offers an excellent opportunity to improve customer retention rates within dealer workshop.

**Warranty key performance indicators
2013 - 2018**



GAP key
performance indicators
2013 - 2018

20
Programmes

49 600
Policies
concluded

€326
Average market
premium

880
Claims
handled

€16M
Gross written
premium

OTHER PRODUCTS

REVIEW

DEFEND Gap Our DEFEND Gap programmes are designed to suit all circumstances and vehicles with coverage even for electric cars, hybrids and other alternative fuel vehicles (CNG, LPG).

Everyday, hundreds of road traffic accidents and car thefts occur across the CEE.

Unfortunately, the value of a car can be less than 50% of purchase price after 3 years. In case of total damage or theft, DEFEND Gap covers an amount equal to the difference between

motor insurance settlement and original invoice price, or early settlement amount of a finance or lease agreement, dependent on the coverage.

Both our DEFEND Gap and DEFEND Gap Truck programmes can be tailored to suit our partners' needs and branded accordingly.

DEFEND SpinCar A comprehensive interactive suite of image and video solutions that helps to increase dealer conversion rate.

Customers attitudes are being shaped by the internet, and the data and services it provides access to. Experiences in other sectors, which have moved much faster than automotive, are transferring into the experience customers are looking for from the Automotive Industry.

DEFEND SpinCar takes a dealer to the next level in professional vehicle presentation. Application increases photographer efficiency while it is proven to increase website dwell times and conversion rates by providing a more interactive consumer experience.



Proven in the world's harshest environments the GardX Protection System protects your vehicle's paintwork.

Modern automotive paint is water-based and highly prone to fading. Moreover, paintwork is constantly under assault from many harmful pollutants which are inevitably degrading the appearance of vehicle's exterior.

The GardX Vehicle Protection System protects the exterior of the vehicle whilst retaining that glossy 'showroom shine' wash-after-wash. It also provides protection for vehicle's fabric or leather interior from spillages and staining.

GARDX PROTECTION

GardX Protection Ltd. provides a range of insurance and non-insured products tailored to the automotive market in the United Kingdom and Ireland.

They are the market leaders in the non-insured market segment with the GardX Vehicle Protection System (VPS) for which they have scooped UK Car Dealer Power Awards 4 years in a row, ultimate testimony as to how strong their products are perceived in the automotive marketplace.

However it is not only non-insured products which are provided by GardX. They provide a range of insurance based solutions as well, while their market penetration in the insured market is experiencing a high level of growth assisted by their partnership with DEFEND, which continued to grow in 2018.

Technology

In 2018 DEFEND INSURANCE GROUP further strengthened the relationship with GardX by completing a number of projects to provide technological solutions to increase market penetration. These include:

- Gardx Assure Claims “App”

This “app” provides dealers with a unique selling proposition to policyholders to be able to make claims at the touch of a button.

It has been successful with a high number of monthly downloads and an average of 4% of claims received monthly coming via the app.

We anticipate to see this number grow in 2019 with the introduction of point of sale material, dealer training and general advertisement of the claims app.

- iGard

We continue to make iGard further available to non UK dealers in their native language taking into consideration insurance laws in their country.

In 2018 we implemented dealers in Latvia, Lithuania, Estonia, Guam, Saipan and Australia.

We have projects in the works to implement dealers in 7 Middle Eastern countries and New Zealand which will be completed in Q1 2019.

- iConnect

A “direct to consumer” platform which provides individual dealers with a means of offering Gardx Assure products direct to consumers after the vehicle purchase has been concluded.

There are already projects underway for 2019 which include:

- Gardx Assure Claims “App” V2

Enhancement of the claims “app” which will allow customers to make GAP claims and be available to non-UK customers.

- Premium Funding

A premium funding solution to be approachable in our iGard front-end and also for dealers connecting via API.



GARDX PROTECTION

GardX Portfolio



GardX Vehicle Protection

Vehicle Protection Systems GX¹ and CX² forms a highly resilient transparent coating that protects vehicle's paintwork from harmful pollutants while providing a high gloss finish.



C.A.R.S. Plus

A minor damage insurance that helps to keep a car in pristine condition free from chips and scuffs.

Tyre and Alloy Wheel Protection

Helps you relieve having to replace your damaged tyres and get you safely back on the road with either a repair, or like - for - like replacement.

Asset Protection

At the date of a total loss, Asset Protection will pay an amount equal to the difference between your motor insurance settlement, original invoice price, or early settlement amount of your finance or lease agreement.



GardX AD-Vantage

A revolution in vehicle presentation and merchandising which guarantees both photographic consistency and increased time on site and website lead submissions.

Products and Partnership

Gardx Assure provides a range of insurance and non-insured products tailored to the automotive market.

They are the market leaders in the non-insured market segment with the Gardx Vehicle Protection System (VPS) which protects cars against most things the environment throws at it and provides a high gloss showroom finish that retains its appearance wash after wash.

In 2018 GardX introduced a new product to their portfolio – GardX WheelGard.

GardX WheelGard is an ultra-durable product that attaches to your vehicle's alloy wheels, protecting them from kerb damage. Engineered from specially toughened polymers and advanced adhesives, and manufactured in the UK to the highest standards, GardX WheelGard is robust and built to last and comes with a 1-year Guarantee.

Their market penetration all markets experienced a high level of growth assisted by their partnership with DEFEND.

The biggest wins in 2018 (live and trading in the iGard system):

- Hendy Group (Wheelgard and insured)
- Saxton 4x4
- Williams BMW
- Pendragon (VPS)
- Lookers (VPS)
- Perrys (VPS)
- Inchcape PLC (Wheelgard and VPS)
- Implementation of a new Binder for dealers in the Republic of Ireland due to Brexit.

Gardx are working very hard on many tenders for 2019, so watch this space!

People and Processes

In 2018 we saw the number of policies sold double to 40,532 insured policies and 120,020 non-insured policies registered through the iGard system.

In 2018 we also saw the number claims double to 8,651 for the year with an average of 720 claims a month. As well as managing the claims process DEFEND is also responsible for managing all dealer services (enquiries from both insured and non-insured dealers), finances and reporting to underwriters.

Monthly Key Performance Indicators are provided on a monthly basis to GardX where we report on the both qualitative and quantitative data. The KPI reports enable us to be transparent and also maintain our service level agreements.

We anticipate that the number of policies registered will more than double again in 2019 due to acquisitions.



CarDealer Power Awards 2018

Paint Protection Provider of the Year
 presented to GardX

Product Innovation of the Year
 presented to SpinCar

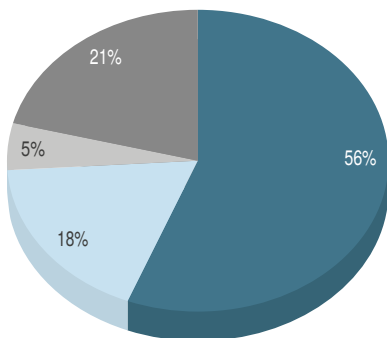
FINANCES & FORECAST

2018 marked a highly successful, record year for DEFEND INSURANCE GROUP with 145 450 registered policies and gross written premium of € 69.6 million.

Our track record of success is based on having a firm view of the future, introducing and delivering more new and leading edge products, providing even more customized support for our customers and continuing our investment in development.

In 2018, DEFEND grew by 63% in CEE market, the fastest growth ever experienced, while the whole region marked a solid growth of 35%.

We outperformed on better-than-expected gross written premium (102% of a forecast), which continued to show impressive growth in all regional areas, with all member countries growth at least in double digits. Poland being the most impressive with 237% and currently representing 18% of our business, a 2.5 percentage point increase compared to 2017.

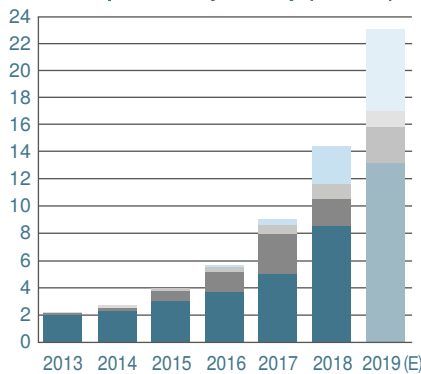


■ CZ ■ SK ■ HU ■ PL

Average premium on GAP and Warranty contributed to our success with an average amount of 386 € in 2018, up from 376 € in 2017, as the customers demand longer insurance terms and higher coverages.

Our robust performance is set to continue in 2019 with our growth of 21% and 24% in the whole region and CEE respectively, as CEE will continue to take advantage from the generic business growth of 61%.

Generic premium by country (in mil. €)



Our expansion strategy includes continuing our growth in Poland, the fastest-growing large economy in Europe, where our business has increased rapidly in recent years and we will keep up the pace. We will also enter Romanian market by our cooperation with Business Lease.

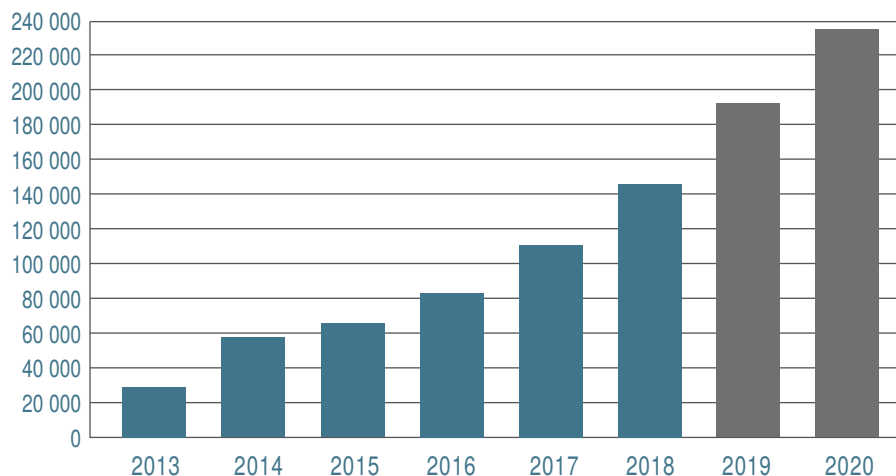
Together with new products and projects in the pipeline and support from Fortegra, which will infuse new energy to the brand, we are well positioned towards the future, asserting our position as the leading CEE specialty insurance administrator.



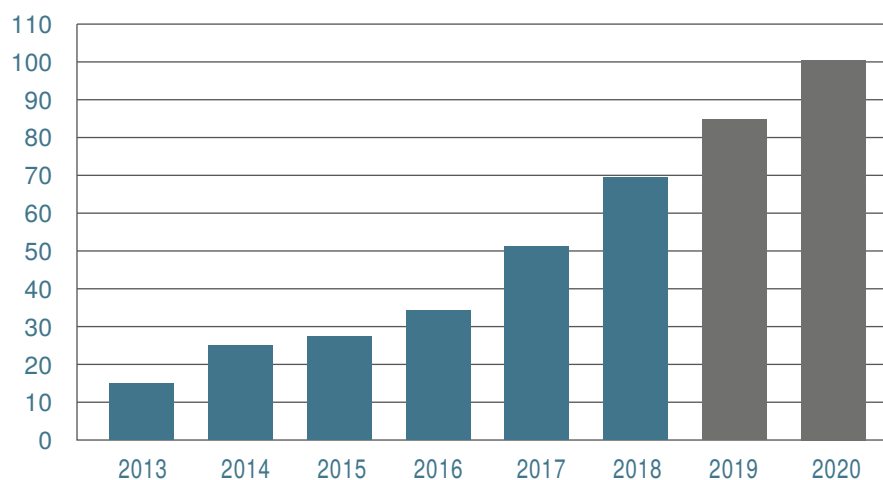
FINANCES & FORECAST



DIG Annual Policy Count, 2013-2019



DIG Annual GWP in mil.€, 2013-2019



Group Summary:

Year	Policy count	GWP in mil.€	Growth	Type
2013	29 772	14.6		Actual
2014	58 356	25.6	75%	Actual
2015	65 166	27.5	7%	Actual
2016	82 786	34.4	25%	Actual
2017	115 580	51.5	45%	Actual
2018	145 450	69.6	35%	Actual
2019	192 000	84.3	21%	Estimate
2020	235 000	100.3	19%	Forecast

COMPLIANCE CONFIDENCE

At DEFEND we are committed to adhering to the highest compliance standards, which in the context of financial services businesses operate at two levels - compliance with the external rules that are imposed upon an organization as a whole, and compliance with internal systems of control that are imposed to achieve compliance with the externally imposed rules.

The year 2018 has been challenging for insurance market in terms of both levels. Despite that, we are confident in our achievements starting in year 2018 and continuing through 2019.

Compliance requires active involvement of all staff of the organization, in order to achieve the desired goal.

Since there have been number of major changes in some of the laws and regulations around the insurance world, DEFEND decided to inform and train its employees accordingly and developed an online training platform, available in 4 languages.

We launched the first training module at the end of 2018. All staff took the training and a final test, which allowed managers to analyze the training outcome and individual staff performance.

The module has been completed successfully by all staff members and we have issued Certificates to them.

Currently, we are developing complex necessary training for our partners to allow them to monitor changes in product specifics, as well as regulatory requirements, and follow the well-known principle of 'Treating Customers Fairly.'

Brexit Compliance

Following the Brexit debate, our insurer Lloyd's of London has established a new fully licensed insurance company in Brussels, 'Lloyd's Insurance Company S.A.'

As Coverholders at Lloyd's, DEFEND managed to update all our front end documentation, as well as ensured contract certainty with our partners.

We've updated our cooperation agreements in compliance with the new IDD law and respectively, Lloyd's Insurance Company S.A became a party to all our dealer contracts.

Intellectual Property

DEFEND Car Protect and DEFEND Gap are already known brands on the market. To support further our corporate identity, we have decided to formalise it officially and have registered domestic trademarks with Czech Industrial Property Office and international trademarks in Hungary, Slovakia and Poland with WIPO.



EPILOGUE

We appreciate and thank you for reading our report DEFEND At a Glance 2018/2019. The last 12 months have continued the excellent growth and all round development of the structure and processes within the company.

The changes brought on by the introduction of IDD, GDPR, SMS signatures and Brexit have left us in a very strong position to move forward with flexible compliant products.

The major development from July 1st this year is the investment into DEFEND INSURANCE GROUP by a major A-rated US insurer, Fortegra. It is Fortegra's intention to establish DEFEND INSURANCE GROUP as a long term player in the market with considerable financial and insurance backing, and to develop DEFEND INSURANCE GROUP

into the number one player for this class of business in Central Europe.

Together with our new and ongoing projects, it represents an exciting development for DEFEND INSURANCE GROUP and all partners and stakeholders should welcome the many new opportunities for the business as we look to the future.

Kindest regards,

On behalf of the Group
Andrew Quirke
Managing Director



INFORMATION

DEFEND INSURANCE companies:

DEFEND INSURANCE HOLDING s.r.o.
Roztylská 1860/1
148 00 Prague
Czech Republic
ID: 24123480

DEFEND INSURANCE s.r.o.
Roztylská 1860/1
148 00 Prague
Czech Republic
ID: 63478498

DEFEND INSURANCE s.r.o.
Pribinova 4
811 09 Bratislava
Slovakia
ID: 36816175

DEFEND INSURANCE Sp. z o.o.
ul. Ligocka 103
40-568 Katowice
Poland
ID: 240069520

DEFEND INSURANCE Kft.
Rákóczi út 42.
1072 Budapest
Hungary
ID: 01-09-195354

DEFEND SOLUTIONS s.r.o.
Roztylská 1860/1
148 00 Prague
Czech Republic
ID: 03802116

www.defendinsurance.eu

Disclaimer and cautionary statement

The Report contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, and regulatory developments.

This Report is available online as a PDF in English, Czech, Slovak, Hungarian and Polish. In the event of inconsistencies in the translations, the English original version shall prevail.



DEFEND
INSURANCE
G R O U P